

POLICY, GOVERNANCE & FINANCE COMMITTEE

Date: 5 February 2024
Title: Finance Report
Contact Officer: Responsible Financial Officer (RFO)

Should Members have any queries about this report advance notice would be appreciated, in writing, by 5pm on the Friday before the meeting to allow for a full response at the meeting.

Background

Detailed income and expenditure statements for budgets which are the responsibility of this committee are enclosed. The period to which this report relates is 1 April 2023 to 31 December 2023.

Current Situation

A full review of the budgetary position was undertaken during the budget cycle. Most areas of interest were raised at the last meeting of this committee and at the extra-ordinary meeting of the council. The RFO would refer members to the finance/ budget reports which were approved at those meetings for further details.

The Committee's services are divided into two base revenue cost centres, responsibilities as follows:

<u>Cost Centre</u>	<u>Area</u>	<u>Description</u>
401	Civic Activities	This cost centre relates to the Council's Civic Activities through the Office of the Mayor and the costs associated with this position of Office – maintaining the chain, civic functions such as the Annual Civic Reception which is a Town Council function hosted by the Mayor.
407	Grants & Donations	This includes the various grants the Council awards annually as well as the general grant budget.
502	Town Hall Maintenance	The Town Hall is leased from the Town Hall Charity – this cost centre therefore provides for the maintenance of the building and accounts for the income from the sublet of the retail unit below it.

505	Precept	This relates to the annual Precept agreed, which is levied on the Council Tax payers of Witney. The Council does not receive any of the business rates (NNDR). The Council no longer receives the Council Tax Reduction Grant this has been phased out now. The Precept is received into the Council's bank account in two tranches- April and October.
506	Interest Received	Accounts for bank charges and also interest received from the Council's surplus balances held in CCLA and Barclays.
602	Central Support	This relates to the costs of the Council's Central Admin Support is charged back over the various cost centres.
604	Works Depot	This represents the revenue costs of the works depot, vehicles and equipment and is recharged to the services which benefit.
605	General Maintenance	This shows the costs of the Council's general works team, and these are recharged to the services which benefit.
606	Grounds maintenance	This shows the costs of the Council's team which undertakes grounds maintenance work, and these are recharged to the services which benefit.
700	Strategic Planning Initiatives	Many projects take time to come to fruition and therefore a lot of time is spent on strategic planning and this needs to be accounted for – this is done as a recharge from Central Support.
701	Corporate Management	This cost centre relates to the Council's Corporate Management covering things like the annual external audit fees.
702	Democratic Representation & Management	This cost centre relates to the Democratic part of the Council's business – which supports the Councillors and the running of meetings.

Current year budget: In terms of the report presented at this meeting, the current year (2023/24) budget is now those figures which were projected when the estimates were revised and agreed by the Council at its meeting on 8 January 2024. It should be noted that the

revised estimates were produced by your officers in the autumn of 2023. This means that, with the year-end (31 March 2024) approaching, there will be some cases where the actual spend to date exceeds the revised estimates. Conversely there will be other lines where actuals will be year-end not reach the revised estimate figure. Overall, the impact on budget should be broadly neutral when the year-end accounts are produced.

Members are reminded that expenditure is not necessarily incurred evenly over the course of the year. For example, the vast majority of expenditure in relation to nominal ledger code 4025 (insurance) is incurred in April each year when the annual premium is paid. There will also be similar patterns on the income side such as football and cricket pitch hires.

Note that in relation to recharges from the office and works teams (nominal ledger codes 4892 to 4899 inclusive), these have been processed to 30 November 2023.

Estimates for 2024/25: These are shown in the report in the three columns on the right-hand side of the page.

SUMMARY FOR 2023/24

Overall, the management accounts show the following in relation to the current year:

	2023/24 Original budget- Jan. 23 £	2023/24 Year to date (Month 9) £	2023/24 Projected estimate to year end - Nov.23 £
Expenditure	2,343,138	1,730,809	2,377,847
Less income	(2,249,010)	(2,292,813)	(2,473,902)
Net expenditure	94,128	(562,004)	(96,055)
In-year Transfer from earmarked reserve		(17,778)	(7,778)
Transfer from general reserve	94,128	N/A	
Transfer to general reserve			103,833

The projected estimate of gross expenditure for the year is above original estimate by 1.5%; the projected estimate of income is also above original estimate by 10.0%. This, following in-year earmarked reserve movements, has resulted in an underspend on the year and a projection that the Council will be able to transfer £103,833 to the general reserves (i.e. a surplus on the current year fund), rather than drawing from reserves £94,128 (deficit).

Some of the underspend relates to budget lines which the Council has not needed to utilise this year due to careful asset management. Ahead of the year end your officers will be thoroughly examining the various budget lines and proposals will come forward following the financial year end (31 March 2024) for a number of these underspends to be transferred into

the earmarked reserves to allow projects to continue and to provide for prudential reserves where expenditure has not been required this year but will in future years. On several nominal codes where expenditure is likely to be under-budget the revised budget is retained at the original. A proposal will come forward at final accounts stage for any difference between spend and budget to then be transferred to the earmarked reserve at year end.

There have also been reductions in the recharges in relation to the works team across most cost centres, compared with original budget. This is due to staffing costs being lower than originally budgeted for and this has impacted the bottom-line.

Over-spends on nominal budgets may, where appropriate, be met from earmarked reserves. Any adjustments will be made at final accounts stage (31 March 2024) and will then reduce revenue expenditure for the year. The additional spend may be taken from the earmarked reserve.

Hanging baskets

From the Head of Estates and Operations:

Reference Minute F616(3) from 20 November 2023): Following a review by Officers looking at the feasibility of outsourcing the hanging basket maintenance or continuing this in-house a decision has been made to outsource this. There were several reasons for this outcome with the main being the vehicles and equipment required.

Contractors that specialise in providing this service use vehicles with high payload capacities that are adapted to carry large volumes of water to minimise wasteful trips and refilling time.

The costs to WTC in purchasing suitable vehicles and equipment does not make this a viable option considering the seasonal requirements and number of days it would be used.

The requirement to water summer plants early in the morning can also cause difficulties for WTC staff and additional costs when outside of normal working hours.

Another advantage is if the plants fail during the maintenance period the contractor who is responsible for providing and maintaining the plants will replace at their cost and no cost to WTC.

Investments

The Council's funds are held with Barclays Bank; balances are shown as part of the report which also includes payments schedules and bank reconciliations. In addition, the Council also holds the following investments:

1. Public Sector Deposit Fund (CCLA Investment Management Ltd.) – Value of £1,102,215 as of 31 December 2023 (*31 October 2023 - £1,092,471*), an increase of £9,744 over the two-month period (0.9%).
2. The Local Authorities' Property Fund (CCLA Fund Managers Ltd.) – Value as of 30 December 2023 £58,637 (*1 October 2023 - £59,253*). This represents a fall in value of £616 over that period, i.e. 1%. The total income credited to the Council for that period was £778.55.

Fire Reinstatement Cost Assessment for buildings

Periodically the Council undertakes a Fire Reinstatement Cost Assessment for its buildings. This is to ensure that they are insured for the right amount in case of their loss.

The Council appointed Alder King Property Consultants to undertake this work to assess all properties for which the Council is responsible for the buildings insurance. Two properties were excluded on the basis of their imminent redevelopment – the Leys Coffee Shed and the Leys Works Depot. However, note that these two properties will continue to be insured until such time as they are no longer operational.

The Council's insurers index link the buildings insurance values in April each year but inflationary pressures on building work, especially in relation to listed buildings meant that we were expecting an increase in the overall sum insured for buildings. The sum insured with effect from 1 October 2023 is £17,189,979, an increase of 17.4% on the previous sum insured of £14,641,941. This was reflected in the increased estimates agreed in the budget.

Council Insurance Policy

The Council's insurances with Zurich Municipal for the following perils:

- (a) Material damage (buildings, contents and equipment).
- (b) Business Interruption.
- (c) All risks (buildings, contents, equipment, structures and civic regalia).
- (d) Money.
- (e) Public liability.
- (f) Hirers' liability.
- (g) Employers' liability.
- (h) Libel and Slander.
- (i) Motor Vehicles.
- (j) Motor Legal Expenses and Uninsured loss recovery.

- (k) Inspection contract (plant).
- (l) Plant protection.
- (m) Fidelity Guarantee.
- (n) Legal expenses.

The Council is currently in a Long-Term Agreement. This means that the insurance rates agreed at the start of the agreement remain the same during the term of the agreement subject of course to increases which may result from changes to cover such as buildings insured values increasing or new equipment.

The current agreement, which was for three years, runs to 31 March 2024. However, the Council can exercise an option to renew under the same rates for another two years, i.e. until 31 March 2026. This will give the Council certainty in relation to the rates. The Council will also have the assurance of continuing cover from one of the main insurers of local government bodies, noting that this has been a time of change in the parish sector with a number of other companies having pulled out of the sector.

Your officers recommend that the option to extend the Council's Long-Term Agreement with Zurich Municipal is exercised to 31 March 2026.

Your officers are due to be meeting with the Zurich Municipal account manager shortly to discuss the renewal. We are anticipating higher premiums for 2024/25 as a result of a number of factors including buildings revaluations and additional vehicles and equipment.

Environmental impact

The Council declared a Climate Change Emergency at its meeting on 26 June 2019; with this in mind Councillors should have due regard to the environmental impact of any decisions they make with regard to its facilities and services it operates.

Officers are continually assessing the environmental impact of services and assets to ensure where possible measures are taken to support the Council's climate declaration of carbon neutrality by 2028. This extends to the procurement of goods and services.

Risk

In decision making Councillors should give consideration to any risks to the Council and any action it can take to limit or negate its liability.

Members are reminded that collectively they are custodians of the public purse with most of the funding coming from the taxpayers of Witney. Therefore, Officers ensure they get best value, value for money, and comply with the Council's Standing Orders, Financial Regulations, and Procurement Policy.

Financial implications

This report forms part of the Council's due diligence and a process in line with its Financial Regulations. The financial implications are detailed above and also in the attached appendices.

Recommendations

Members are invited:

1. To approve the report and the management accounts of the Committee's services to 31 December 2023.
2. To approve and note the arrangements made by officers in relation to hanging baskets.
3. To note and approve the report on investment returns.
4. To note the Fire Reinstatement Cost Assessment for Council buildings.
5. To exercise the option to extend the Council's Long-Term Agreement with Zurich Municipal to 31 March 2026.